ALANTHUS HOTEL GROUP LTD.

INTRODUCTION

Surveys show a growing concern over abusive conduct in the workplace. Is it abuse when a manager greets ideas that are different than their own with public contempt? Does abusive conduct readily lead to retaliation? This case will also attempt to look at retaliation from the inside. How does this abusive conduct affect the workplace and the viability of an organization?

BACKGROUND

The Alanthus Hotel Group Ltd. is a privately-held international hotel chain founded in 1981 and headquartered in Charlotte, North Carolina. The chain's strategic plan is to offer high-quality, moderately-priced facilities for business travelers and recreational guests in less well-served areas. The hotels are located in business and tourist hubs, avoiding the largest cities where there is a saturation of hotels and operational costs run high. Hence, they do not operate in cities such as New York, Chicago, London, Los Angeles, Paris, and the like. The hotels vary in size and can have anywhere from 100 to 150 rooms as well as facilities for business conferences and weddings. The hotels have modestly-priced restaurants on site. There are eight hotels in the chain (five located in the United States) and total revenues last year of $108,000,000. The chain puts an emphasis on community involvement as well as courteous, individualized service. Alanthus maintains a telephone helpline (monitored by a third-party vendor) which employees can call to request advice on ethics and compliance issues as well as to report possible misconduct.

THE CASE

Transcript of a call to the helpline of Alanthus Hotel Group
Caller: Hello. I've never done this before — I mean — made a call to a helpline. Do I need to give you my name?

Intake Specialist: No, you can remain anonymous if you prefer, but if you do identify yourself, it will assist Alanthus in investigating any allegations. Your call will remain confidential unless Alanthus is required by law to disclose your identity, for example, in a criminal matter or subject to a discovery order in a civil court case. Alanthus also has a non-retaliation policy for any good faith report made. You can find the policy in the Alanthus Code of Conduct booklet or on the Alanthus website. I can also send you a copy.

Caller: Well, OK. My name is Mary Wallace and I work at the Alanthus headquarters in Charlotte. This doesn't involve me. I guess it does in a way, but I'm not the victim — is *victim* the right word to use? Maybe I should just tell you what's been happening…

Mary's story
This involves Marv Jackson, the Director of Marketing and Promotions at Alanthus. He's not one of the executive team (the people who report directly to the company president), but he's a senior person who has a lot of clout and credibility with the executive team. Marv has been at Alanthus for twelve years and he'll probably be there long after most of us have moved on. I joined Alanthus only about eight months ago, working for Marv as a marketing specialist. This is a big break for me since I've only been out of college for

two years. I plan to build my résumé and develop contacts in the industry, so I can move to one of the larger hotel chains. A lot of the younger folks on Marv's team have the same plan.

I tried to keep a low profile at first and understand the workplace environment. One of the things I started to notice is how Marv seems dismissive of ideas from his staff, particularly the younger staff. Maybe not all the time, but it happens often enough to be noticeable. It seemed strange to me since Alanthus has a pretty progressive image and a clientele that skews younger than many of the big chains. You'd think that he'd want ideas from folks in the same demographic.

What's that? How is he dismissive? This week was one of the most obvious examples. It's why I called the helpline. We were reviewing a plan for a series of promotions at the U.S. hotels in the chain. Marv had put out a concept paper to the staff and we were meeting to discuss it. It was a good general concept involving a series of special dinners at the hotels, very informal, and focused on unique aspects of the area in which each hotel is located. The idea was to give business travelers an alternative to dining outside the hotel or dining alone. It ties into the way in which we try to individualize our service. Marv's concept included a kind of pub quiz to help with networking and create a fun environment. What's a pub quiz? It's a type of trivia contest done in a bar. The questions are often a bit silly. It's intended to be light-hearted and funny. Sarah Cooper, another of the marketing specialists (she's been at Alanthus about a year longer than I have), spoke up with an alternate approach. Instead of a pub quiz, have an electronic scavenger hunt using Twitter. It would use facts about the local community. The answers could be found on social media sites from organizations in the area, including some of the community organizations that the local hotel supports. It seemed like a great idea to almost all of us since our clientele tends to be active on social media. It would also tie into our community work. And our guests would find some options on things to do in the area other than picking up a list of area attractions from the concierge.

Marv just ripped Sarah and her idea. I can see disagreeing with the idea or not understanding it and wanting more information, but this was just a flat out personal attack! I couldn't believe what I was hearing. I can recall it almost word for word, I was so shocked. He said, "When I need a 'hip and trendy' idea, Cooper, I'll let you know. That is about the most…" Well I can't repeat the language he used. You say you need to know exactly what he said? I'm sorry, I can't repeat it. He called it "… the most *blank* worthless…" — that's not the phrase he used, but you can fill in the blank — "…worthless idea you've come up with yet." The sarcasm was just dripping from his voice. Just ask anyone else who was there. Then he went on, "Do you have any useful ideas to add to the discussion? You have got to be one of the worst hires I've ever made." He went on like that for another minute or so. Look, I'm new to Alanthus and haven't been in the workforce that long, but I can vouch for Sarah as a hard-working and really creative individual. I think the rest of the Marketing staff would say the same thing.

Has this happened before? Yes, a lot. Sometimes Marv tolerates our ideas, especially if he hasn't put anything on the table himself. But almost everyone has suffered from one of his attacks just in the eight months I've been there. I've escaped, but I think that's just a coincidence. Oh, and he never does it if one the executives is in the meeting.

Sure, I'll give you some more specific examples and the names of the other people who were in the meeting. You can make sure that I'm protected, right? Marv does have a lot of clout and I need this job…

Intake Specialist: Thank you, Ms. Wallace for calling the helpline. Before we hang up, I'll give you a control number you can use to call the helpline and check status or provide any additional information. Someone from

© 2015 Daniels Fund. All rights reserved.

the Alanthus Human Resources organization will be in touch with you to review this report and discuss the process they will follow.

Excerpts from memo in the Human Resources file of Marvin Jackson
"Peter Lopez, Director of Human Resources for the headquarters staff, reviewed the findings of the investigation into the alleged misconduct of Mr. Jackson… The allegations against Mr. Jackson were found to be substantiated…

"Mr. Jackson was advised by his supervisor, Edward Bradley, Vice President, Business Development, that his conduct was not in accordance with the values of Alanthus Hotel Group. It was also a violation of the Alanthus Code of Conduct which prohibits abusive and intimidating conduct in the workplace. Consequently, Mr. Jackson was given a Letter of Warning which stated that any similar conduct in the future would be grounds for further disciplinary action, including termination of employment. Mr. Jackson will also be required over the next six months to participate in executive coaching sessions on appropriate workplace conduct and communication.

"Mr. Jackson stated that while he believed his conduct may have been, in his words, 'not perfectly PC', his staff was being overly sensitive to valid critiques of their performance. Mr. Jackson acknowledged the Letter of Warning by his signature."

Transcript of call to the helpline of Alanthus Hotel Group
Caller: I'm fairly sure this is a useless exercise; nothing will get done. I just have to say something. My name is Sarah Cooper. I work in marketing at Alanthus headquarters. I know someone made a complaint about my boss, Marv Jackson. I know because I was interviewed about an incident that involved me. Actually, a lot of us were. I know we were all told by Human Resources not to discuss it with anyone else. But when HR met behind closed doors with almost every marketing specialist over a period of three days, it's not hard to figure out that we were all there for the same reason.

And, as usual, nothing happened.

Intake Specialist: Ms. Cooper, I am not free to discuss the particulars of the final report in another matter or to disclose any actions that may have been taken. Have you spoken with Human Resources about your concerns?

Caller: You're kidding, right? It was Human Resources that investigated Marv and let him get away with it. Two months later and Marv is still on the job. He toned things down for almost a month, but the put-downs have started up again. None of us are surprised. We'll tolerate it because this job is a great credential to have on the résumé and none of us — none — have any thought of staying at Alanthus long. So we'll put up with it. At least the others will. I may not get that chance…

Sarah's story
It never occurred to me but, in hindsight, I guess I shouldn't be surprised. Immediately after the investigation was complete, Marv didn't spray the office with insults and put-downs for a while. I assumed the investigation was complete since we had all been interviewed and Marv had a long session in the Human Resources Director's office. After a couple of weeks, I started to notice that Marv wasn't sending good assignments my way, just some administrative tasks or really minor jobs — 'make work'. In meetings, he would often call on everyone but me for an opinion. No put-downs, just ignored me. Then it dawned on me. He thought I was

© 2015 Daniels Fund. All rights reserved.

the one who had reported him! The incident with me was the one that immediately preceded the review by Human Resources. Of course he thought I had reported it! Marv isn't going to draw Human Resources attention with anything overt. Instead he's going to push me out with a *death by a thousand cuts*. Little things that no one will notice. If I put up with it, I'll be miserable and I won't get the kind of experience I need. I won't develop the capabilities to move up here or even move to a good position in another company. My performance appraisals won't be bad, they just won't be very good. Can he get away with this?

THE ASSIGNMENT

- Consider the facts. Are Marv's actions grounds for disciplinary action? Are there degrees of abusive conduct? Where do we draw the line? Is Sarah being retaliated against? What constitutes retaliation?
- Consider the people. Why did the other members of the Marketing staff not report Marv's behavior? What motivates people to report or not report misconduct?
- Consider the situation. Did Alanthus take appropriate action regarding the allegation made by Mary? How should they handle Sarah's allegation? What are the consequences for the organization if they permit retaliation to occur?

This case was written for the Daniels Fund by Charles Chadwick, Senior Advisor, Ethics Research Center (ERC), the research arm of the Ethics & Compliance Initiative (ECI).

© 2015 Daniels Fund. All rights reserved.

ALANTHUS HOTEL GROUP LTD.
INSTRUCTOR/FACILITATOR NOTES

CASE SUMMARY

An employee at a hotel chain is subjected to verbal abuse by her manager. This is part of a pattern of such abuse of employees by the manager. Another employee reports the abusive conduct, the matter is substantiated, and corrective action taken. But the employees are not aware of the resolution of the case. Subsequently, the employee who was the subject of the most recent incident feels she is being retaliated against. The case looks at the growing concern over abusive conduct in the workplace as well as the effect of retaliation. What is abuse? What does retaliation look like? How do both abuse and retaliation affect the workplace and the viability of an organization? A subsidiary issue is communication with employees over ethics allegations.

LEARNING OBJECTIVES

The learning objectives of this case study are as follows:

- Understand the implications of abusive conduct and retaliation on the workplace environment
- Examine the motivations for both reporting misconduct as well as not reporting
- Recognize the tension that may arise between transparency on ethical issues and employees' right to privacy regarding discipline

ISSUES

Abusive and Intimidating Conduct
Workplace abuse is at the core of this case. Abuse has been a growing concern in the workplace. In 2010, the U.S. Workforce Bullying Institute (WBI) reported that 35% of workers surveyed reported that they had been bullied on the job. This abuse is rarely physical, but is most often verbal abuse. WBI defines it as follows: "Workplace Bullying is repeated, health-harming mistreatment of one or more persons (the targets) by one or more perpetrators. It is abusive conduct that is: (1) threatening, humiliating, or intimidating, or (2) work interference—sabotage—which prevents work from getting done, or (3) verbal abuse." The more common term in in the U.S. is *abusive and intimidating conduct*. It is referred to most commonly as *bullying* in the United Kingdom and Western Europe.

There are no federal or state laws to protect employees from verbal abuse. There has been successful use of Occupational Safety and Health Administration (OSHA) regulations as the basis for some civil cases. The Society for Human Resource Management (SHRM) found that 56% of U.S. businesses do not have workplace bullying policies. In this case, Alanthus does have a policy. Questions which should be considered include: how a company enforces the policy; how they train employees (particularly those in supervisory positions) on that policy; and what consequences are appropriate for violations of the policy.

Daniels Fund Ethics Initiative Principles involved: Respect, Trust (abusive conduct is corrosive of a trusting relationship), and Fairness (certain individuals or groups are most often singled out for abusive conduct or bullying)

Retaliation
The Ethics Research Center (ERC) found in its 2013 National Business Ethics Survey® (NBES®) that 21% of

all employees who observed misconduct, and then reported it, experienced retaliation. Retaliation rates matter because retaliation is misconduct in itself and because retaliation has an effect on the willingness to report further misconduct. ERC has written, "…employees' beliefs about retaliation — that it will happen or that it already has — drive both how much misconduct is taking place *and* whether it gets reported so management is given an opportunity to address it." The fear of retaliation, therefore, has a direct effect on the viability of an organization and its ability to self-correct its organizational behavior (and culture). Two factors play into our recognition of retaliation: (1) it is often not an overt action (such as an adverse personnel action) and (2) an individual's perception of retaliation becomes the reality for both the individual and those around them. There are specific protections against retaliation for "whistleblowers" in several federal statutes (e.g., Sarbanes-Oxley). Those protections apply to specific situations and do not apply here.

Discussion of retaliation in the Alanthus case should include a consideration of the adverse effects on both the individual and the organization. It should also bring out the importance of perception when retaliation is alleged.

Daniels Fund Ethics Initiative Principles involved: Respect, Viability, Fairness, and Accountability

Transparency and Privacy

Sarah's helpline call indicates that the employees are not aware of any corrective action taken as a result of the original allegation. This is a common complaint of employees: they do not perceive an appropriate response to an allegation of misconduct. This does not mean that there was not a response, simply that employees are not aware of the response. The perception is common when the subject of an allegation is a more senior employee or one seen as valuable to the success of the organization (the "double standard"). Even employees who are disciplined are entitled to privacy regarding the discipline. Often, these employees may respond well to coaching and awareness training and not repeat the misconduct. The issue is how to balance the competing imperatives of open communication and individual privacy. Sarah's call also highlights an additional impediment to reporting: futility. Survey work done by ERC and others indicates that the perception that "nothing will get done even if I report" can be a more important reason for not reporting than fear of retaliation.

Daniels Fund Ethics Initiative Principles involved: Accountability, Transparency, Fairness, Respect, and Integrity

Organizational Viability

An organization that does not promote a "speak up" culture (where employees are not afraid to report misconduct) creates a risk that uncorrected misconduct will damage the long-term success of the organization. This damage can be through criminal convictions and penalties for misconduct that is criminal in nature. The organization can also be damaged by allowing misconduct to create a workplace environment that does not attract or retain key talent. For example, a workplace environment that permits abusive conduct will have a negative effect on attracting and retaining talent.

Daniels Fund Ethics Initiative Principles involved: Viability, Respect, Trust, Accountability, and Fairness

This case was written for the Daniels Fund by Charles Chadwick, Senior Advisor, Ethics Research Center (ERC), the research arm of the Ethics & Compliance Initiative (ECI).

© 2015 Daniels Fund. All rights reserved.